

**PUBLIC DISCLOSURE**

August 19, 2002

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**NORTHERN BANK AND TRUST COMPANY**

215 LEXINGTON STREET  
WOBURN, MA 01801

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<b>NOTE:</b>	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **NORTHERN BANK AND TRUST COMPANY** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”**

Northern Bank and Trust Company's CRA Evaluation is based upon the following factors: Northern Bank and Trust Company (Northern Bank) has adequately provided for the credit needs of its assessment area. The bank has achieved an acceptable level of lending within its assessment area, originating 68.5 percent of its small business loans and 56.7 percent of its HMDA-reportable loans within the assessment area. The bank's average loan-to-deposit ratio was calculated to be 82 percent, revealing an increasing trend since the prior Division of Banks and FDIC evaluations. The dispersion of loans among businesses of different sizes and borrowers of different incomes was reasonable. The geographic distribution of loans within the assessment area was also reasonable considering there are no low- or moderate-income census tracts.

The bank operates in a highly competitive market area. Considering the size and lending capacity of the institution, the bank's efforts reflect a good level of responsiveness to meeting the credit needs of its assessment area.

There were no CRA-related complaints received since the previous examination.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Northern Bank and Trust Company (Northern Bank) is an independently owned commercial bank. The bank is a subsidiary of the Northern Bancorp, Inc., and a bank holding company. As of June 30, 2002, the bank had approximately \$290 million in assets, of which 72.7 percent are in the form of loans. The institution's primary lending focus is commercial and commercial real estate, which comprises 68.3 percent of the loan portfolio.

Refer to the following table for additional information on the breakdown of loans.

### **Loan Portfolio Composition**

<b>Loan Type</b>	<b>Amount (000s)</b>	<b>Percent</b>
Commercial Real Estate	\$108,042	51.2
One to Four-Family Residential Mortgages	\$50,119	23.7
Commercial and Industrial	\$36,017	17.1
Equity Lines of Credit	\$7,508	3.5
Construction and Land Development	\$4,812	2.3
Consumer Loans	\$3,365	1.6
Multifamily Loans	\$1,187	0.6
<b>Total Gross Loans</b>	<b>\$211,050</b>	<b>100</b>

Source: June 30, 2002 Consolidated Report of Condition.

Northern Bank's main office is located at 215 Lexington Street in Woburn. The bank also operates nine other full-service offices in Acton, Billerica, Burlington, Chelmsford, Littleton, Melrose, North Woburn, Westford and Woburn Center. Northern Bank offers Automated Teller Machines (ATMs) at all locations. The ATMs are linked to the SUM, NYCE, Cirrus/MasterCard, American Express, Discover, Plus/Visa, Honor and Pulse networks. The bank offers a variety of loan products including commercial loans, fixed and adjustable rate mortgages, home equity lines of credit, home improvement loans, personal loans, automobile loans, student loans, and construction loans.

In 2000, the top five mortgage lenders within the bank's defined assessment area were: (1) Fleet National Bank (6.3% market share); (2) Sovereign Bank (4.8% market share); (3) Countrywide Home Loans (4.5% market share); (4) Bank of America (2.5% market share); and (5) North American Mortgage Company (2.3% market share). These top five lenders held a 20.4 percent market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA).

There appear to be no legal or financial impediments, which would prohibit the bank from meeting the credit needs of its community.

The most recent Community Reinvestment Act (CRA) evaluation, performed by the FDIC as of July 11, 2001, assigned the bank a “Satisfactory” CRA rating. The previous evaluation performed by the Commonwealth of Massachusetts as of March 30, 1998 resulted in a “Satisfactory” CRA rating.

### **Description of Assessment Area**

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which the bank will focus its lending efforts. The Division of Banks evaluates the institution’s CRA performance based on the defined assessment area. Generally, assessment area(s) are expected to consist of Metropolitan Statistical Areas (MSAs) or contiguous political subdivisions such as counties, cities and towns.

Northern Bank defines its assessment area as the towns of Acton, Billerica, Burlington, Chelmsford, Lexington, Littleton, Melrose, Reading, Stoneham, Westford, Winchester and Woburn. This assessment delineation places the bank’s designated area within the Boston and Lowell Metropolitan Statistical Areas (MSA).

According to 1990 US Census Data, Northern Bank’s assessment area has a total population of 292,778 individuals. The assessment area consists of 50 census tracts. Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The Boston MA-NH MSA Median Family Household Income (FHI) was \$65,500 for 2000, \$70,000 for 2001 and \$74,200 for 2002. The Lowell MA-NH MSA Median Family Household Income (FHI) was \$64,900 for 2000, \$70,200 for 2001 and \$75,200 for 2002. The census tract breakdown for Northern Bank includes 25 or 50.0 percent middle-income; and 25 or 50.0 percent upper-income. There are no low and moderate-income census tracts within the assessment area.

Over 82 percent (82%) of the housing stock within the assessment area is one-to-four family residential dwellings, of which a majority (72.9%) are owner-occupied. The median home value of the assessment area is \$205,436.

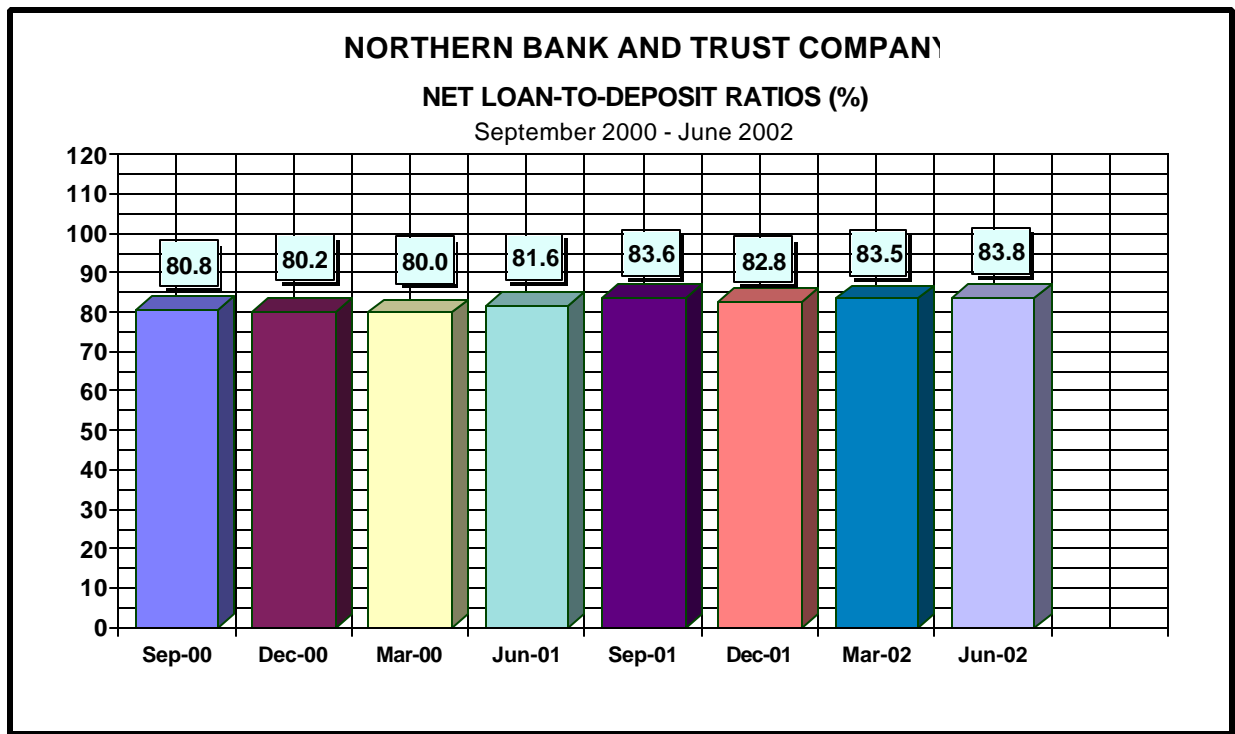
## **PERFORMANCE CRITERIA**

### **1. LOAN-TO-DEPOSIT ANALYSIS**

An institution's average net loan-to-deposit ratio is calculated to determine the responsiveness to the area's credit needs. Northern Bank's average loan to deposit ratio currently meets the standards for Satisfactory performance.

Northern Bank's average net loan-to-deposit ratio was calculated using data reported in the previous eight quarterly FDIC Call Reports. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's average net loan-to-deposit ratio for the period September 30, 2000, through June 30, 2002, was 82.0 percent.

The ratio has been relatively static over the period reviewed with the ratio ranging from a low of 80.0 percent to the current level of 83.8 percent as of June 30, 2002. The asset size of the institution has increased from \$243 million as of September 30, 2000, to \$290 million as of June 30, 2002, which represents a 19.3 percent increase. During this time, net loans increased by approximately 25.3 percent, while deposits increased by approximately 20.8 percent, resulting in greater loan growth over deposit growth. The following graph depicts the net loan-to-deposit ratio for each quarter under review.



It is important to note that, as the institution has grown from approximately \$177 million, during the previous Commonwealth of Massachusetts Division of Bank's examination on March 30, 1998, to its current level of \$290 million; the average net loan-to-deposit ratio has steadily increased from 66.8 percent to the current average of 82.0 percent.

The bank's most recent loan-to-deposit ratio, 83.8 percent, was compared to 7 other similar asset sized institutions that operate within Northern Bank's assessment area. Its ratio compared favorably, with 5 of the institutions having lower ratios than the subject bank. The other institutions' ratios ranged from 53.2 percent to 86.6 percent.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Analyses of 2001 and year-to-date July 31, 2002 small business loans and 2000, 2001 and year-to-date June 30, 2002 HMDA-reportable loans were conducted to determine the level of lending activity within the bank's assessment area.

The level of small business lending within the assessment area is considered good, while the level of residential lending is considered adequate given the commercial focus of the bank. Northern Bank's performance meets standards for Satisfactory performance.

### ***Small Business***

Commercial lending is primarily directed at small and medium-sized companies. From January 2001 through July 31, 2002 the bank originated 393 small business loans totaling \$46.7 million. The following table illustrates the distribution of small business loans by number and dollar amount originated inside and outside its assessment area.

<b>Distribution of Small Business Loans Inside and Outside the Assessment Area</b>								
<b>Year</b>	<b>Inside</b>				<b>Outside</b>			
	<b>Number of Loans</b>		<b>Dollar in Loans (000s)</b>		<b>Number of Loans</b>		<b>Dollars in Loans (000s)</b>	
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>2001</b>	156	66.1	12,006	50.5	80	33.9	11,766	49.5
<b>YTD 2002</b>	113	72.0	13,400	58.5	44	28.0	9,491	41.5
<b>Total</b>	<b>269</b>	<b>68.5</b>	<b>25,406</b>	<b>54.4</b>	<b>124</b>	<b>31.5</b>	<b>21,267</b>	<b>45.6</b>

As illustrated above, the majority of the bank's small business lending originations, by number and dollar amount, were granted to businesses within the bank's assessment area.

As previously mentioned, the bank has experienced significant growth over the last four years. Loan production has been commensurate with asset growth of which small business lending has shown significant increases. Prior Performance Evaluations indicated small business lending levels at \$13.5 million in 1999 with a significant increase to \$23.8 million in 2000. This evaluation indicates a leveling trend of \$23.8 million of small business originations in 2001, and a substantial increase in dollar amounts, \$22.9 million, for year-to-date July 31, 2002.

Throughout this period of growth, the bank has been able to maintain or enhance the percentage of small business loan originations within its assessment area. Prior levels indicate 65 percent of the number of small business loan originations were inside its assessment area for calendar years 1999 and 2000. As noted above 2001 levels were 66.1 percent and performance levels for year-to-date 2002 appear to be outpacing 2001 levels.

Management indicated that the significant increase in asset size and small business lending over the past four years was a result of conscious business decisions to take advantage of changing market conditions. The bank is located in a highly competitive area for small business and other commercial lending. Management saw the acquisition and merger of area institutions as an opportunity to expand its lending activities in its area. An expanded marketing campaign focusing on the bank's commitment to community and willingness to work with small businesses contributed to the resultant growth.

### ***HMDA Reportable Lending***

Northern Bank's 2000, 2001 and year-to-date (June 30, 2002) HMDA Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's assessment area. During this period, the bank originated 157 HMDA-reportable loans totaling approximately \$32,731,000. Of these, 89 loans or 56.7 percent of the number totaling \$16,672,000 or 50.9 percent of the dollar value of all loans were originated in the bank's assessment area. Calendar year 2000 has been included in this evaluation for comparative analysis purposes in relation to level, trends and aggregate data of other HMDA reporting institutions within the bank's assessment area.

The following table provides the bank's HMDA-reportable lending by number and dollar amount.

Distribution of Home Mortgage Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
<b>2000</b>	23	69.7	2,948	73.6	10	30.3	1,059	26.4
<b>2001</b>	43	57.3	9,055	47.8	32	42.7	9,891	52.2
<b>YTD 2002</b>	23	46.9	4,669	47.8	26	53.1	5,109	52.2
<b>Total</b>	<b>89</b>	<b>56.7</b>	<b>16,672</b>	<b>50.9</b>	<b>68</b>	<b>43.3</b>	<b>16,059</b>	<b>49.1</b>

Source: HMDA LAR, CRA Wiz

As indicated above, the level of originations has increased from calendar year 2000 levels with current year to date (six months) originations slightly ahead of 2001 levels when annualized. As previously indicated, the bank is primarily a commercial lending institution whereby the number of HMDA reportable loans originated has not rendered the institution to hold a substantive market share within its assessment area. For calendar year 2000, the bank ranked 77<sup>th</sup> with 0.19 percent market share.

Woburn accounted for the largest percentage of originations by number with 50.6 percent, followed by Billerica with 12.4 percent. Woburn also accounted for the largest dollar volume of originations with 45.1 percent, followed by Winchester with 11.9 percent.

### 3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

Analyses of 2001 and year-to-date July 31, 2002 small business loans and 2000, 2001 and year-to-date June 30, 2002 HMDA reportable loans originated inside the bank's assessment area were conducted to determine the level of lending to businesses of different sizes and to borrowers of different income levels. Overall, the bank's level of performance meets the standards for Satisfactory performance.

#### ***Small Business***

The bank's small business data indicated that the majority of small business loans originated during the period reviewed were granted to businesses with gross annual revenues of less than \$1 million. As indicated in the table below, approximately 57 percent of the small business loans originated in 2001 and year-to-date 2002 were to businesses with gross annual revenues of less than \$1 million. This percentage indicates a slight increase over the most recent prior evaluation that revealed levels of 56 percent and 48 percent for calendar years 2000 and 1999 respectively.



Additionally, the amount of small business loans by dollar amount indicates that 52.6 percent of the loan dollars have gone to businesses with revenues over \$1,000,000 for the time period covered by this evaluation. It is important to note that for calendar year 2001, 56.2 percent of the small business dollar amounts were made to businesses with annual revenues over \$1,000,000. The impact of current year-to-date originations, of which 60.5 percent of the dollar amounts of loans were originated to businesses with annual revenues of under \$1,000,000, has had a positive effect on overall performance during the period examined. The following tables depict the institution's performance relating to the distribution of small business loans by number and dollar amount, based upon gross annual revenues of the businesses.

<b>Distribution of Small Business Loans by Gross Annual Revenues of Business</b>						
<b>Gross Annual Revenues (000s)</b>	<b>2001</b>		<b>2002*</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<= \$1,000	89	57.1	64	56.6	153	56.9
> \$1,000	67	42.9	49	43.4	116	43.1
<b>Total</b>	<b>156</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>

Source: CRA Data Collection \*Through July 30, 2002

<b>Distribution of Small Business Loans by Gross Annual Revenues of Business</b>						
<b>Gross Annual Revenues (000s)</b>	<b>2001</b>		<b>2002*</b>		<b>Total</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<= \$1,000	5,263	43.8	8,107	60.5	13,370	52.6
> \$1,000	6,743	56.2	5,293	39.5	12,036	47.4
<b>Total</b>	<b>12,006</b>	<b>100.0</b>	<b>13,400</b>	<b>100.0</b>	<b>25,406</b>	<b>100.0</b>

Source: CRA Data Collection \*Through July 30, 2002

The distribution of small business loans by loan size was also analyzed. There is generally a correlation between the size of the loan and the size of the business seeking credit. Northern Bank originated the vast majority of small business loans in the amount of \$100,000 or less. This analysis, along with the gross annual revenue analysis, would indicate that Northern Bank serves mostly smaller to medium-size businesses. While the analysis, as indicated in the table below, shows a downward trend from a level of 82.7 percent in 2001 to 69 percent in year-to-date 2002, it still reflects the bank's strong commitment to serving the credit needs of smaller businesses within the assessment area.

<b>Distribution of Small Business Loans by Loan Size</b>						
<b>Loan Size (000s)</b>	<b>2001</b>		<b>2002*</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
< \$100	129	82.7	78	69.0	207	77.0
\$100 - \$250	17	10.9	24	21.3	41	15.2
> \$250 - \$1,000	10	6.4	11	9.7	21	7.8
<b>Total</b>	<b>156</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>

Source: CRA Data Collection \* Through July 30, 2002

### **HMDA Reportable Lending**

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers reported incomes were compared to the median family incomes for the Boston and Lowell MA-NH Metropolitan Statistical Areas (MSA) due to the location of the property. The Boston MA-NH MSA Median Family Household Income (FHI) was \$65,500 for 2000, \$70,000 for 2001 and \$74,200 for 2002. The Lowell MA-NH MSA Median Family Household Income (FHI) was \$64,900 for 2000, \$70,200 for 2001 and \$75,200 for 2002. These income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows the number of HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of households in the assessment area in each respective income group. The distribution of the bank's loans among various borrower income levels may also be compared to that of all other HMDA-reporting lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis is for calendar year 2000 and is also presented in the following table.

Distribution of HMDA Loans within the Assessment Area by Borrowers Income Levels										
Median Family Income Level	Total Households (% of #)	Aggregate Lending Data (% of #)	2000		2001		YTD 2002		Total	
			2000	#	%	#	%	#	%	#
Low	14.3	3.3	2	8.7	8	18.6	4	17.4	14	15.7
Moderate	12.8	10.4	2	8.7	6	14.0	4	17.4	12	13.5
Middle	19.0	21.1	8	34.8	5	11.6	4	17.4	17	19.1
Upper	53.9	45.9	9	39.1	23	53.5	10	43.5	42	47.2
N/A	0.0	19.3	2	8.7	1	2.3	1	4.3	4	4.5
Total	100	100	23	100	43	100	23	100	89	100

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data and CRA Wiz

As indicated in the above table, Northern Bank's performance, in relation to the most recent aggregate performance data, appears to meet or exceed aggregate levels. However, the number of originations is relatively small and therefore does not provide sufficient data for meaningful analyses. The institution's distribution of lending, based upon borrower income level, is deemed to be reasonable.

#### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution of loans is analyzed to determine the dispersion of originated loans throughout the bank's assessment area. The greatest consideration when evaluating an institution's performance under this criterion is generally centered on the number of originations in low- and moderate-income geographies. Northern Bank's assessment area does not include any low- or moderate-income census tracts therefore evaluation results under this criterion have little significance in the overall CRA rating.

The following tables provide a breakdown of the bank's small business and HMDA-reportable loans within its assessment area according to census tract income level. The HMDA data analysis table also shows the loans in comparison to the percentage total of owner-occupied housing units in each of the census tract income categories. Additionally, the geographic distribution of the bank's loans by census tract category was compared to that of all other HMDA-reporters in the assessment area for calendar year 2000. Overall, the bank's dispersion of loans is considered reasonable and meets the standard for Satisfactory performance.

##### Small Business Lending

The penetration of small business loans within census tracts of different income levels is considered reasonable. Geographic distribution data for 2001 was not available from the bank, as small business data collection was not required for that time period. Data for 2002 was available due to data collection and reporting requirements based upon the size of the institution as of December 31, 2001. The following table indicates the distribution of the bank's small business loans originated within the assessment area by number of loans.

Distribution of Small Business Loans by Income Category of Census Tract						
Census Tract	2001		2002*		Total	
	#	%	#	%	#	%
Middle	N/A	N/A	91	80.5	N/A	N/A
Upper	N/A	N/A	22	19.5	N/A	N/A
<b>Totals</b>	<b>156</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>

Source: CRA Small Business Data through July 31, 2002

The major portion of the local business and development is located within the assessment area's middle-income geographies. The geographic distribution of the bank's small business loans among census tracts of different income levels is similar to the business development within the assessment area, especially within the middle-income census tracts.

### HMDA Reportable Lending

As the table below indicates, the majority or 75.3 percent of all HMDA-reportable loans during the period reviewed were made within middle income census tracts. While middle-income census tracts hold a slight majority of owner-occupied housing units (50.5%), the distribution of residential lending is more fully concentrated within these tracts.

<u>Distribution of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level</u>										
Census Tract Income Level	Owner-Occupied Housing Units (%)	Aggregate Lending Data (% of #)	2000		2001		YTD 2002		Total	
			2000	#	%	#	%	#	%	#
Middle	50.5	55.3	21	91.3	29	67.4	17	73.9	67	75.3
Upper	49.5	44.7	2	8.7	14	32.6	6	26.1	22	24.7
Total	100.0	100.0	23	100.0	43	100.0	23	100.0	89	100.0

Source: 1990 U.S. Census, HMDA LAR, HMDA Aggregate Data and CRA Wiz

A comparison to aggregate data in Year 2000 suggests that while the aggregate made a proportionate number of loans in middle-income census tracts, with 55.3 percent in these tracts, Northern Bank made the great majority or 91.3 percent of HMDA reportable loans in middle-income census tracts in Year 2000. It is clear that the focus of Northern Bank's lending, both small business and residential is within its middle-income census tracts.

## 5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Northern Bank has included a Fair Lending Statement as part of its Lending Policy. The following describes how the bank's fair lending activities relate to the guidelines set forth in the Division of Banks Regulatory Bulletin 2.3 - 101.

Northern Bank's fair lending statement and loan policy is aimed at preventing illegal discrimination. The bank provides employees with training on the Equal Credit Opportunity

Act, the Community Reinvestment Act and other Fair Lending regulations. Northern Bank's marketing efforts are conducted primarily through newspaper advertisements and mailings that reach the entire assessment area. In addition, members of the bank are actively involved in the community which helps them to determine the credit needs of the assessment area.

The bank offers different types of flexible products that are effective in providing credit to those who would not qualify under conventional lending standards, including an in-house First Time Homebuyer Program. Additionally, the bank has participated in several educational seminars.

Northern Bank has a second review system in place for all declined loan applications. The bank has internal control procedures to monitor and ensure the validity of HMDA data that is collected and reported.

The bank refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. The bank has a staff of 134 employees of whom 8 are minorities. In addition, the bank employs numerous individuals who speak different foreign languages.

## **MINORITY APPLICATION FLOW**

The loan application registers for 2000, 2001, and year-to-date July 31, 2002 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the area's demographics. Generally, the bank's applications are compared to aggregate data of all other HMDA reporting lenders accepting applications within the bank's assessment area. However, as is the case throughout this evaluation, the number of applications is so few, meaningful comparisons and conclusions as to performance cannot be made.

A review of the bank's public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous examination

## **QUALIFIED INVESTMENTS AND SERVICES**

Upon management's request the bank's performance in the area of qualified investments and services was reviewed. To be considered for review, an investment or service must meet the definition of community development. Community development purposes are defined as affordable housing, community service, economic development, and community stabilization/revitalization. Community development services must relate to the provision of financial services. The level of activity did not rise to a level that would enhance the institution's CRA rating. Thus, no discussion in these areas was deemed necessary.

## **APPENDIX A**

### **SCOPE OF EXAMINATION**

The bank's performance was evaluated using the Small Bank CRA examination procedures. Loans pursuant to CRA Small Business and Home Mortgage Disclosure Act reporting were included in this review. The time period covered by this evaluation for Small Business lending was 2001 and year-to-date July 31, 2002. The time period covered for HMDA reportable lending activity included the year 2000 for comparative and informational purposes, 2001 and year-to-date June 30 2002. With respect to management's request to review qualified community development investments and services, the time period included 2001 and year-to-date July 31, 2002.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## **NORTHERN BANK AND TRUST COMPANY**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **August 19, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_



## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.